

AR43



**Canadian Vickers
Limited**

Semi-Annual Report

TO THE SHAREHOLDERS

FOR THE SIX MONTHS ENDED
MAY 31, 1969



5000 Notre Dame E., Montreal 404, Canada

To The Shareholders

Consolidated net earnings for the six month period ending May 31, 1969 amounted to \$357,989 compared with a profit of \$156,770 for the same period last year.

It was with considerable regret that the Company announced on May 21 that it would be phasing out of new ship construction, one of our traditional areas of operations. The Canadian Government Ice-breaker "Louis S. St-Laurent" is scheduled to be delivered at the end of July and the "Norman McLeod Rogers" early in October.

Government shipbuilding policy in recent years has resulted in a substantial drop in the number of ships being ordered in Canada and a generally uncertain outlook for the industry made the discontinuance of this marginal activity inevitable.

Considerable criticism of the company action has appeared in the news media, and we would like to leave the record straight that both the federal government and the shipyard union were kept advised of our intentions to stop new ship construction many months prior to the final decision being taken and a formal announcement made.

All efforts will now be directed to expanding our industrial and ship repairing activities, both of which are substantial and profitable.

The closing down of new ship construction will undoubtedly result in non-recurring costs, none of which are included in the attached financial figures, nor has any account been taken of possible net recovery from outstanding claims.

John H. Hume
President

William S. Shener
Chairman of the Board

CANADIAN VICKERS, LIMITED

and its subsidiary companies

FOR THE SIX MONTHS ENDED MAY 31

(unaudited)

	1969	1968
Income and Expenditure		
Sales produced	\$20,176,548	\$24,096,104
Profit before income taxes	\$ 421,217	\$ 170,770
Provision for income taxes	63,228	14,000
Net profit for 6 months	\$ 357,989	\$ 156,770
Consolidated Surplus		
Balance at start of year	\$ 5,966,232	\$ 4,286,739
— Net profit for 6 months	357,989	156,770
— Profit on sale of fixed assets	30,391	886,905
— Loss on realization of minority interest in deficit of Vickers Krebs Limited	(125,572)	—
Balance at May 31	\$ 6,229,040	\$ 5,330,414
Source and Application of Funds		
Funds Provided		
Net profit from operations	\$ 357,989	\$ 156,770
Depreciation	428,715	546,098
Sale of investments	—	7,215
Sale of fixed assets	46,556	1,605,353
Decrease in minority deficit	576,668	(54,437)
Total funds provided	\$ 1,409,928	\$ 2,260,999
Funds Applied		
Purchase of fixed assets	\$ 188,809	\$ 296,066
Past service pension payments	75,586	65,597
Loss on realization of minority deficit	125,572	—
Repayment of debentures and mortgages	—	625,000
Total funds applied	\$ 389,967	\$ 986,663
Increase in working capital	\$ 1,019,961	\$ 1,274,336